
HOUSE BILL No. 1417

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-2-9; IC 20-3.1-15-1; IC 20-5; IC 20-8.1; IC 20-10.1; IC 21-2; IC 21-3-1.7.

Synopsis: Funding public and nonpublic school textbooks. Abolishes the public school textbook rental and library programs. Provides textbooks for students in accredited nonpublic schools through a reimbursement program. Redefines "textbook" to include certain instructional materials. Requires a school corporation to establish a textbook fund to purchase and distribute textbooks. Provides an annual state textbook grant to school corporations of \$85 per average daily membership. Appropriates money for textbook reimbursement of \$85 per student in accredited nonpublic schools.

Effective: July 1, 2005.

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January 13, 2005, read first time and referred to Committee on Education.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1417

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-2-9-6 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Where a school lunch fund ~~or~~
3 ~~a textbook rental fund~~ is created under section 4 ~~or section 5~~ of this
4 chapter, the receipts and expenditures for ~~each~~ **the** program shall be
5 made to and from the ~~proper~~ **school lunch** fund without appropriation
6 or the application of other laws relating to the budgets of local
7 government units.

8 (b) Where ~~either or both programs~~ **the program** under section 4 ~~and~~
9 ~~section 5~~ of this chapter ~~are~~ **is** handled through the ~~extra-curricular~~
10 **extracurricular** account, the township trustee shall approve the
11 amount of the bond of the treasurer of the ~~extra-curricular~~
12 **extracurricular** account in an amount ~~he~~ **the trustee** considers
13 protects the account for all funds coming into the hands of ~~that the~~
14 treasurer.

15 SECTION 2. IC 20-3.1-15-1 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. To provide the board
17 with the necessary flexibility and resources to carry out this article, the



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following apply:

(1) The board may eliminate or modify existing policies, create new policies, and alter policies from time to time, subject to this article and the plan developed under IC 20-3.1-7.

(2) Beginning on July 1, 2001, IC 20-7.5 applies to the school city. However, the provision of IC 20-7.5-1-5(a) that requires any items included in the 1972-1973 agreements between an employer school corporation and an employee organization to continue to be bargainable does not apply to the school city.

(3) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional time:

511 IAC 6.1-3-4

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4

(B) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)

511 IAC 6.1-4-1

(C) The following statutes and rules concerning textbooks, and rules adopted under the statutes:

IC 20-10.1-9-1

IC 20-10.1-9-18

IC 20-10.1-9-21

~~IC 20-10.1-9-23~~

IC 20-10.1-9-27

IC 20-10.1-10-1

IC 20-10.1-10-2

511 IAC 6.1-5-5

(D) The following rules concerning school principals:

511 IAC 6-2-1(c)(4)

511 IAC 6.1-4-2

(E) 511 IAC 2-2, concerning school construction and remodeling.

(4) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school

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city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation among any account of the school corporation, including a professional development and technology fund established under clause (B).

(5) Transfer funds obtained from property taxation among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5), subject to the following:

(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.

(B) This clause does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 3. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;

(B) provision for expenses incurred in interviewing job

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1 applicants; or
 2 (C) developing relations with other governmental units.
 3 (3) To acquire, construct, erect, maintain, hold, and to contract for
 4 such construction, erection, or maintenance of such real estate,
 5 real estate improvements, or any interest in either, as the
 6 governing body deems necessary for school purposes, including
 7 but not limited to buildings, parts of buildings, additions to
 8 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing
 9 and athletic fields, facilities for physical training, buildings for
 10 administrative, office, warehouse, repair activities, or housing of
 11 school owned buses, landscaping, walks, drives, parking areas,
 12 roadways, easements and facilities for power, sewer, water,
 13 roadway, access, storm and surface water, drinking water, gas,
 14 electricity, other utilities and similar purposes, by purchase, either
 15 outright for cash (or under conditional sales or purchases money
 16 contracts providing for a retention of a security interest by seller
 17 until payment is made or by notes where such contract, security
 18 retention, or note is permitted by applicable law), by exchange, by
 19 gift, by devise, by eminent domain, by lease with or without
 20 option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or
 21 IC 21-5-12. To repair, remodel, remove, or demolish any such real
 22 estate, real estate improvements, or interest in either, as the
 23 governing body deems necessary for school purposes, and to
 24 contract therefor. To provide for energy conservation measures
 25 through utility energy efficiency programs or under a guaranteed
 26 energy savings contract as described in IC 36-1-12.5.
 27 (4) To acquire such personal property or any interest therein as
 28 the governing body deems necessary for school purposes,
 29 including but not limited to buses, motor vehicles, equipment,
 30 apparatus, appliances, books, furniture, and supplies, either by
 31 outright purchase for cash, or under conditional sales or purchase
 32 money contracts providing for a security interest by the seller
 33 until payment is made or by notes where such contract, security,
 34 retention, or note is permitted by applicable law, by gift, by
 35 devise, by loan, or by lease with or without option to purchase and
 36 to repair, remodel, remove, relocate, and demolish such personal
 37 property. All purchases and contracts delineated under the powers
 38 given under subdivision (3) and this subdivision shall be subject
 39 solely to applicable law relating to purchases and contracting by
 40 municipal corporations in general and to the supervisory control
 41 of agencies of the state as provided in section 3 of this chapter.
 42 (5) To sell or exchange any of such real or personal property or

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1 interest therein, which in the opinion of the governing body is not
 2 necessary for school purposes, in accordance with IC 20-5-5, to
 3 demolish or otherwise dispose of such property if, in the opinion
 4 of the governing body, it is not necessary for school purposes and
 5 is worthless, and to pay the expenses for such demolition or
 6 disposition.

7 (6) To lease any school property for a rental which the governing
 8 body deems reasonable or to permit the free use of school
 9 property for:

10 (A) civic or public purposes; or

11 (B) the operation of a school age child care program for
 12 children aged five (5) through fourteen (14) years that operates
 13 before or after the school day, or both, and during periods
 14 when school is not in session;

15 if the property is not needed for school purposes. Under this
 16 subdivision, the governing body may enter into a long term lease
 17 with a nonprofit corporation, community service organization, or
 18 other governmental entity, if the corporation, organization, or
 19 other governmental entity will use the property to be leased for
 20 civic or public purposes or for a school age child care program.
 21 However, if the property subject to a long term lease is being paid
 22 for from money in the school corporation's debt service fund, then
 23 all proceeds from the long term lease shall be deposited in that
 24 school corporation's debt service fund so long as the property has
 25 not been paid for. The governing body may, at its option, use the
 26 procedure specified in IC 36-1-11-10 in leasing property under
 27 this subdivision.

28 (7) To employ, contract for, and discharge superintendents,
 29 supervisors, principals, teachers, librarians, athletic coaches
 30 (whether or not they are otherwise employed by the school
 31 corporation and whether or not they are licensed under
 32 IC 20-6.1-3), business managers, superintendents of buildings and
 33 grounds, janitors, engineers, architects, physicians, dentists,
 34 nurses, accountants, teacher aides performing noninstructional
 35 duties, educational and other professional consultants, data
 36 processing and computer service for school purposes, including
 37 but not limited to the making of schedules, the keeping and
 38 analyzing of grades and other student data, the keeping and
 39 preparing of warrants, payroll, and similar data where approved
 40 by the state board of accounts as provided below, and such other
 41 personnel or services, all as the governing body considers
 42 necessary for school purposes. To fix and pay the salaries and

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1 compensation of such persons and such services. To classify such
 2 persons or services and to adopt schedules of salaries or
 3 compensation. To determine the number of such persons or the
 4 amount of services thus employed or contracted for. To determine
 5 the nature and extent of their duties. The compensation, terms of
 6 employment, and discharge of teachers shall, however, be subject
 7 to and governed by the laws relating to employment, contracting,
 8 compensation, and discharge of teachers. The compensation,
 9 terms of employment, and discharge of bus drivers shall be
 10 subject to and shall be governed by any laws relating to
 11 employment, contracting, compensation, and discharge of bus
 12 drivers. The forms and procedures relating to the use of computer
 13 and data processing equipment in handling the financial affairs of
 14 such school corporation shall be submitted to the state board of
 15 accounts for approval to the end that such services shall be used
 16 by the school corporation when the governing body determines
 17 that it is in the best interests of the school corporation while at the
 18 same time providing reasonable accountability for the funds
 19 expended.

20 (8) Notwithstanding the appropriation limitation in subdivision
 21 (2.5), when the governing body by resolution deems a trip by an
 22 employee of the school corporation or by a member of the
 23 governing body to be in the interest of the school corporation,
 24 including but not limited to attending meetings, conferences, or
 25 examining equipment, buildings, and installation in other areas,
 26 to permit such employee to be absent in connection with such trip
 27 without any loss in pay and to refund to such employee or to such
 28 member his reasonable hotel and board bills and necessary
 29 transportation expenses. To pay teaching personnel for time spent
 30 in sponsoring and working with school related trips or activities.
 31 (9) To transport children to and from school, when in the opinion
 32 of the governing body such transportation is necessary, including
 33 but not limited to considerations for the safety of such children
 34 and without regard to the distance they live from the school, such
 35 transportation to be otherwise in accordance with the laws
 36 applicable thereto.

37 (10) To provide a lunch program for a part or all of the students
 38 attending the schools of the school corporation, including but not
 39 limited to the establishment of kitchens, kitchen facilities, kitchen
 40 equipment, lunch rooms, the hiring of the necessary personnel to
 41 operate such program, and the purchase of any material and
 42 supplies therefor, charging students for the operational costs of

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such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase **and furnish** textbooks to furnish them without cost ~~or to rent them~~ to students. ~~to participate in any textbook aid program, all in accordance with applicable law.~~ **A school corporation may not conduct a textbook rental program for students enrolled in the school corporation.**

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

(A) participate in a state employee health plan under IC 5-10-8-6.6;

(B) purchase insurance; or

(C) establish and maintain a program of self-insurance;

to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss

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provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 4. IC 20-5-6-6 IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2005]: Sec. 6. (1) Where a school lunch fund ~~and a textbook rental fund are~~ is created in accordance with section 4 ~~or 5~~ of this chapter, the receipts and expenditures therefrom for the program ~~to which each relates~~ shall be made to and from such fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.

(2) Where ~~either the lunch program or textbook rental program are~~ is handled through the extracurricular account, the governing body ~~of the school corporation~~ shall approve the amount of the bond of the treasurer of the extracurricular account in an amount deemed by ~~it the~~ **governing body** sufficient to protect the account for all funds coming into the hands of the treasurer of such account.

SECTION 5. IC 20-5-62-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. Notwithstanding any other law, the operation of the following is suspended for a freeway school corporation or a freeway school if the governing body ~~of the school corporation~~ elects to have the specific statute or rule suspended in the contract:

(1) The following statutes and rules concerning curriculum and instructional time:

IC 20-10.1-2-2

IC 20-10.1-4-6

IC 20-10.1-4-7

IC 20-10.1-4-9.1

511 IAC 6-7-6

511 IAC 6.1-3-4

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4

(2) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)

511 IAC 6.1-4-1

(3) The following statutes and rules concerning textbooks:

IC 20-10.1-9-1

IC 20-10.1-9-18

IC 20-10.1-9-21

~~IC 20-10.1-9-23~~

IC 20-10.1-9-27

IC 20-10.1-10-1

IC 20-10.1-10-2

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511 IAC 6.1-5-5

(4) 511 IAC 6-7, concerning graduation requirements.

(5) 511 IAC 6-2-1(c)(4), concerning pupil/principal ratios.

(6) 511 IAC 2-2, concerning school construction and remodeling.

(7) IC 20-1-1.2, concerning the performance-based accreditation system.

(8) IC 20-10.1-16, concerning the ISTEP program established under IC 20-10.1-16-8, if an alternative locally adopted norm and criterion referenced assessment program is adopted under section 6(7) of this chapter.

SECTION 6. IC 20-8.1-1-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6.5. As used in this article, "accredited nonpublic school" means a nonpublic school that:**

(1) voluntarily seeks; and

(2) receives;

accreditation as authorized under IC 20-1-1-6(a)(5).

SECTION 7. IC 20-8.1-1-6.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6.7. As used in this article, "public school" has the meaning set forth in IC 20-10.1-1-2.**

SECTION 8. IC 20-8.1-1-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 19. As used in this article, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.**

SECTION 9. IC 20-8.1-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 3. (a) If a parent of a child or an emancipated minor who is enrolled in a public school in grades K-12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay the fees for school books, supplies, or other required class fees. Such fees shall be paid by the school corporation in which the child attends: public school is located.**

(b) The school corporation may apply for a reimbursement under section 9 of this chapter from the department of the costs incurred under subsection (a):

(c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for textbooks that have been adopted under IC 20-10.1-9-1 or waived under IC 20-10.1-9-27, the school corporation may request that the parent or emancipated minor pay the balance of this amount.

SECTION 10. IC 20-8.1-9-5 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. All school corporations must give notice in nontechnical language and in a manner that can be reasonably expected to reach parents of ~~school children~~ **students** before the collection of any fees. ~~for schoolbooks and supplies.~~ This notice shall inform the parents of the availability of assistance, the eligibility standards, the procedure for obtaining assistance, including the right and method of appeal, and the availability of application forms at a designated school office.

SECTION 11. IC 20-8.1-9.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 9.5. Reimbursement for Textbooks for Students in Accredited Nonpublic Schools

Sec. 1. This chapter applies to students who are enrolled in accredited nonpublic schools.

Sec. 2. The department shall reimburse:

- (1) a parent of a student; or
- (2) an emancipated minor who is a student;

for textbook expenses that are incurred for or by the student.

Sec. 3. There is no financial eligibility requirement to receive reimbursement under this chapter.

Sec. 4. The amount of reimbursement under this chapter is the amount established in IC 21-2-20-11.

Sec. 5. An accredited nonpublic school may assist a parent or an emancipated minor in obtaining reimbursement under this chapter.

Sec. 6. The following apply to an application for reimbursement under this chapter:

(1) The department shall provide an application form prescribed by the state board of accounts.

(2) The department shall establish a filing deadline.

(3) The applicant shall certify the following in the application to the department:

(A) The name, age, and grade level of the student for whom the applicant seeks reimbursement.

(B) The expense incurred in providing textbooks to the student.

(C) That each textbook included in the reimbursement request (other than textbooks used for special education or gifted and talented instruction) has been adopted by the board under IC 20-10.1-9-1 or has been waived by the board under IC 20-10.1-9-27.

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(D) That the amount of reimbursement requested for each nonconsumable textbook does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle.

(E) Any other information required by the department, including the following:

(i) Copies of invoices or purchase orders used to acquire textbooks.

(ii) Information about the student.

(iii) Information about the accredited nonpublic school.

Sec. 7. The department shall use money in the supplemental textbook fund established by IC 21-2-20-6 to make reimbursements under this chapter.

Sec. 8. The department may adopt rules under IC 4-22-2 to implement this chapter.

SECTION 12. IC 20-10.1-1-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.5. As used in this article, the term "textbook" means systematically organized material, designed to provide a specific level of instruction in a subject matter category. The term includes the following:

(1) Instructional material used by students for more than one (1) year, including material used in special education and gifted and talented classes.

(2) Workbooks and consumable instructional materials used by students for not more than one (1) school year, including workbooks, consumable textbooks, and other consumable instructional materials used in special education and gifted and talented classes.

(3) Developmentally appropriate material used instead of items described in subdivisions (1) through (2) for instruction in:

(A) kindergarten through grade 3;

(B) laboratories;

(C) literature programs;

(D) special education; or

(E) gifted and talented classes.

SECTION 13. IC 20-10.1-9-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. ~~Time Basis Purchase.~~ When a school corporation purchases textbooks on a time basis, the schedule for payments shall coincide with ~~pupil payments the textbook grant distribution~~ to the school corporation for textbook

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rental under IC 21-3-1.7-9.4 and the schedule shall not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 14. IC 20-10.1-9-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. Each school corporation may borrow money to buy textbooks and may issue notes, maturing serially in not more than six (6) years and payable from its ~~general textbook~~ fund, to secure the loan. However, when an adoption is made by the ~~state board of education~~ for less than six (6) years, the period of time for which the notes may be issued is limited to the period of time for which that adoption is effective. Notwithstanding other provisions of this section, a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

SECTION 15. IC 20-10.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) Except as provided in ~~subsections (b) and (c)~~ **subsection (b)** and all laws to the contrary notwithstanding, each governing body shall purchase from a contracting publisher, at the net contract price or at any subsequent lower price, the textbooks adopted by the ~~Indiana state board of education~~ and selected by the proper local officials ~~and shall rent these textbooks to each student enrolled in any public school which is in compliance with the minimum certification standards of the Indiana state board of education and is located within the attendance unit served by the governing body.~~ **to carry out IC 20-10.1-11.5.**

(b) This section does not prohibit the purchase of these textbooks at the option of any student or the providing of free textbooks by the governing body under ~~IC 20-10.1-11.~~

(~~c~~) **(b)** This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-5-62.

SECTION 16. IC 20-10.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (~~a~~) Each governing body may purchase from a contracting publisher, at the net contract price or at any subsequent lower price, any textbook adopted by the ~~state board of education~~ and selected by the proper local officials ~~and may rent these textbooks to students enrolled in any public or~~

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nonpublic school which is in compliance with the minimum certification standards of the state board of education and is located for sale to:

(1) parents of nonpublic school students; and
 (2) emancipated minors who are nonpublic school students; who are eligible for reimbursement under IC 20-8.1-9.5, if the nonpublic school student resides within the attendance unit served by the governing body. at an annual rental not to exceed twenty-five percent (25%) of the retail price of the textbooks.

(b) However, the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

- (1) adopted for usage by students under IC 20-10.1-9;
- (2) extended for usage by students under IC 20-10.1-9-1(b); and
- (3) paid for through rental fees previously collected.

(c) This section does not limit any other laws but is supplementary.

The selling price of a textbook must equal the purchase price.

SECTION 17. IC 20-10.1-11.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 11.5. Textbooks for Public School Students

Sec. 1. As used in this chapter, "student" means a student enrolled in a school corporation. The term includes a transfer student.

Sec. 2. As used in this chapter, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.

Sec. 3. As used in this chapter, "textbook fund" refers to a fund established under IC 21-2-19.

Sec. 4. The governing body of each school corporation shall do the following:

- (1) Acquire and maintain a sufficient number of textbooks to meet the needs of each student.
- (2) Appropriate from the school corporation's textbook fund the money necessary to acquire textbooks.
- (3) Loan free of charge to each student all textbooks prescribed for the student's grade or classes.
- (4) Prescribe guidelines for the following:
 - (A) The availability of textbooks to students.
 - (B) The care and custody of textbooks by students.
 - (C) The return of textbooks by students.
- (5) Provide facilities for the safekeeping of textbooks.
- (6) Fumigate or destroy textbooks at the times and under

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rules or regulations prescribed by local and state health authorities or determined by the governing body.

Sec. 5. The parent of a student who is loaned a textbook under this chapter or an emancipated minor who is loaned a textbook under this chapter is financially responsible for the following according to the guidelines prescribed by the school corporation under this chapter:

- (1) Wear, except for reasonable wear, on a textbook.
- (2) Loss, mutilation, or defacement of a textbook.
- (3) Failure to return a textbook to the school corporation upon request.
- (4) Other matters concerning the use and care of textbooks.

Sec. 6. (a) If a student transfers to a school corporation other than the one in which the student has legal settlement (as defined in IC 20-8.1-1-7.1), the governing body of the school corporation to which the student transfers shall provide textbooks to the transferred student.

(b) The annual settlement between school corporations for tuition of transferred students must include amounts for furnishing textbooks to transferred students at a rate determined by the board.

Sec. 7. A governing body may sell textbooks to students who wish to purchase textbooks at the price stipulated in the contracts under which the school corporation purchases textbooks. Money from sales to students must be paid into the textbook fund.

Sec. 8. A school corporation may not conduct a textbook rental program for students of the school corporation for a school year beginning after June 30, 2005.

SECTION 18. IC 21-2-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 3. (a)** The trustee, with the advice and consent of the township board, shall use such "seminary lands school account" for the following educational purposes:

(1) Each year the trustee shall pay to the parent or legal guardian of any child, whose residence is within said township, initial cost for the rental of textbooks used in any elementary or secondary school which has been duly accredited by the state of Indiana. Such reimbursement for the rental of school books shall be for the initial yearly rental charge only, and books subsequently lost or destroyed shall not be paid for from this account.

(2) (1) Students who are residents of said the township for the last two (2) years of their secondary education and who still reside within said the township shall receive financial assistance in an

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amount not to exceed an amount determined by the trustee and the township board during an annual review of higher education fees and tuition costs of post-high school education at any accredited college, university, junior college, or vocational or trade school. Amounts to be paid to each eligible student shall be set annually following this review. The amount so paid each year shall be equitable for every eligible student without regard to race, religion, creed, sex, disability, or national origin and must be based on the number of students and the amount of funds available each year.

~~(3)~~ (2) A person who has been a permanent resident of the township continuously for at least two (2) years and who needs educational assistance for job training or retraining may apply to the trustee of the township for financial assistance. The trustee and the township board shall review each application and make assistance available according to the need of each applicant and the availability of funds.

~~(4)~~ (3) If all the available funds are not used in any one (1) year, said unused funds shall be retained in said account by the trustee for use in succeeding years.

(b) The bond required by law for the trustee shall be increased by an amount equal to the sum of the seminary township school fund and the average annual rental income from said seminary lands.

(c) All funds and accounts provided in this chapter and the accumulation thereof shall be periodically audited and examined in the same manner provided by law for public money.

(d) All expenditures and payments made under this chapter shall be made only after necessary expenditures for the protection and maintenance of the seminary land in good and safe condition are first made from the annual rental income.

SECTION 19. IC 21-2-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. ~~The Each~~ governing body ~~of each school corporation in the state of Indiana~~ shall establish a general fund for the operation and maintenance of local schools and levy a tax therefor. All receipts and disbursements heretofore authorized by law for school funds and tax levies for the tuition fund, special school fund, special fund, vocational fund, recreation fund, compulsory education fund, ~~school library fund~~, ~~high school library fund~~, public ~~employee's~~ ~~employees'~~ retirement fund, operating fund, transportation tax and county wide school tax shall ~~on and after January 1, 1968~~, be received in and disbursed from the general fund. A tax levy and rate for the general fund shall be established by ~~the each~~ governing

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body of each school corporation for the 1968 each calendar year. and
all succeeding calendar years. Any balances of all the aforesaid funds
on January 1, 1968 shall be transferred to the general fund:

SECTION 20. IC 21-2-11-5 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. Any self-supporting
programs maintained by any school corporation including but not
limited to school lunch and rental or sale of textbooks, may be
established as separate funds, separate and apart from the general fund,
if no local tax rate is established therefor for the programs.

SECTION 21. IC 21-2-19 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2005]:

Chapter 19. Textbook Fund

Sec. 1. As used in this chapter, "fund" refers to a textbook fund
established under section 3 of this chapter.

Sec. 2. As used in this chapter, "textbook" has the meaning set
forth in IC 20-10.1-1-12.5.

Sec. 3. A school corporation may establish a textbook fund.

Sec. 4. Money in the fund may be used only for the following
purposes:

(1) Payment of principal and interest on loans obtained by the
school corporation to purchase textbooks.

(2) Implementation of IC 20-10.1-11.5, including the purchase,
storage, distribution, or repair of textbooks.

Sec. 5. A school corporation shall deposit in the fund the
following:

(1) State textbook grant distributions under IC 21-3-1.7-9.4.

(2) Receipts from sales of textbooks under IC 20-10.1-10-2
and IC 20-10.1-11.5-7.

(3) Revenue designated by statute for the fund.

(4) Revenue of the school corporation that the governing body
designates for the fund.

Sec. 6. Money in the fund at the end of a school year or fiscal
year does not revert to the school general fund.

SECTION 22. IC 21-2-20 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2005]:

**Chapter 20. Supplemental Textbook Fund for Students in
Accredited Nonpublic Schools**

Sec. 1. As used in this chapter, "accredited nonpublic school"
has the meaning set forth in IC 20-8.1-1-6.5.

Sec. 2. As used in this chapter, "department" refers to the

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department of education established by IC 20-1-1.1-2.

Sec. 3. As used in this chapter, "fund" refers to the supplemental textbook fund established by section 6 of this chapter.

Sec. 4. As used in this chapter, "nonpublic school" has the meaning set forth in IC 20-10.1-1-3.

Sec. 5. As used in this chapter, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.

Sec. 6. The supplemental textbook fund is established to provide money for textbook reimbursements under IC 20-8.1-9.5 to:

(1) parents of students; and

(2) emancipated minors who are students;
in accredited nonpublic schools.

Sec. 7. The department shall administer the fund. Expenses of administering the fund shall be paid from money in the fund.

Sec. 8. The fund consists of appropriations by the general assembly.

Sec. 9. The treasurer of state shall invest the money in the fund not currently needed to meet obligations of the fund in the same manner as other public funds may be invested. Interest earned from investment of the fund shall be credited to the fund.

Sec. 10. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 11. (a) Subject to balances available in the fund, the treasurer of state shall pay the amount determined under subsection (b). The amount is payable in the manner provided in IC 20-8.1-9.5.

(b) The amount of annual reimbursement for textbooks equals the lesser of:

(1) eighty-five dollars (\$85) per student who is enrolled full time in an accredited nonpublic school; or

(2) the amount of money in the fund, prorated among all accredited nonpublic schools in proportion to the number of students enrolled full time in each accredited nonpublic school.

SECTION 23. IC 21-3-1.7-9.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.4. (a) In addition to the distributions under section 8.2, 9.7, 9.8, and 9.9 of this chapter, a school corporation other than a charter school is eligible for an amount for a textbook grant that is equal to the school corporation's current ADM multiplied by eighty-five dollars (\$85).

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(b) A distribution received under this section shall be deposited in the school corporation's textbook fund and used only for the purposes specified in IC 21-2-19-4.

SECTION 24. IC 21-3-1.7-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.5. (a) As used in this section, "school corporation" includes:

- (1) a conversion charter school; and
- (2) beginning in the second calendar year after the calendar year in which a nonconversion charter school begins its initial operation, a nonconversion charter school.

(b) In addition to the ~~distribution~~ **applicable distributions** under sections 8.2, **9.4**, 9.7, 9.8, and 9.9 of this chapter, a school corporation is eligible for an enrollment adjustment grant if the school corporation's:

- (1) current ADM minus the school corporation's previous year ADM is at least two hundred fifty (250); or
- (2) current ADM divided by the school corporation's previous year ADM is at least one and five-hundredths (1.05).

(c) The amount of the enrollment adjustment grant is the amount determined in STEP THREE of the following formula:

STEP ONE: Determine the school corporation's target revenue per ADM divided by three (3).

STEP TWO: Determine the result of the school corporation's current ADM minus the school corporation's previous year ADM.

STEP THREE: Multiply the STEP ONE result by the STEP TWO result.

(d) Notwithstanding any other provision, for purposes of computing the amount of a grant under this section, "ADM" does not include an eligible pupil who is described in IC 21-3-1.6-1.2(a).

SECTION 25. IC 21-3-1.7-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.7. In addition to the distributions under sections 8.2, **9.4**, 9.5, 9.8, and 9.9 of this chapter for 1997 and thereafter, a school corporation is eligible for an amount for at-risk programs in the amount determined in STEP SIX of the following formula:

STEP ONE: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus two-tenths (0.2).

(ii) Multiply the item (i) result by seven-hundredths (0.07).

(B) Zero (0).

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STEP TWO: Determine the greater of the following:

(A) The result determined under item (ii) of the following formula:

(i) Determine the result of the school corporation's at-risk index minus fifteen-hundredths (0.15).

(ii) Multiply the item (i) result by eighteen-hundredths (0.18).

(B) Zero (0).

STEP THREE: Determine the result under clause (B) of the following formula:

(A) Determine the lesser of:

(i) the school corporation's at-risk index; or

(ii) fifteen-hundredths (0.15).

(B) Multiply the clause (A) result by one hundredth (0.01).

STEP FOUR: Add the STEP ONE result, the STEP TWO result, and the STEP THREE result.

STEP FIVE: Multiply the STEP FOUR sum by the school corporation's current ADM. Round the result to the nearest one-hundredth (0.01).

STEP SIX: Multiply the STEP FIVE product by three thousand six hundred sixty-four dollars (\$3,664) in 2003 and zero dollars (\$0) in calendar years beginning after December 31, 2003.

SECTION 26. IC 21-3-1.7-9.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.8. (a) In addition to the distributions under sections 8.2, 9.4, 9.5, 9.7, and 9.9 of this chapter, a school corporation is eligible for an honors diploma award in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the number of the school corporation's eligible pupils who successfully completed an academic honors diploma program in the school year ending in the previous calendar year.

STEP TWO: Multiply the STEP ONE amount by nine hundred sixty-three dollars (\$963).

(b) Each year the governing body of a school corporation may use the money that the school corporation receives for an honors diploma award under this section to give nine hundred sixty-three dollars (\$963) to each eligible pupil in the school corporation who successfully completes an academic honors diploma program in the school year ending in the previous calendar year.

SECTION 27. IC 21-3-1.7-9.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9.9. In addition to the distributions under sections 8.2, 9.4, 9.5, 9.7, and ~~9.9~~ 9.8 of this

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chapter, a school corporation is eligible for a supplemental remediation grant in the amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the percentage of the ISTEP tests administered by the school corporation during the school year beginning in the 2002 calendar year for which the students who were given the test scored below the academic standards set for the test; multiplied by

(B) the school corporation's current ADM.

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) either:

(i) in calendar year 2004, forty-seven dollars and eighty-five cents (\$47.85); or

(ii) in calendar year 2005, ninety-five dollars and seventy cents (\$95.70).

SECTION 28. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 20-2-9-5; IC 20-5-6-5; IC 20-8.1-9-9; IC 20-8.1-9-9.1; IC 20-8.1-9-9.5; IC 20-8.1-9-9.6; IC 20-8.1-9-14; IC 20-10.1-1-12; IC 20-10.1-9-23; IC 20-10.1-11.

SECTION 29. [EFFECTIVE JULY 1, 2005] (a) A school corporation may not conduct a textbook rental program for a school year beginning after June 30, 2005.

(b) On July 1, 2005, a school corporation shall transfer any unencumbered money in any fund or account used for textbook rental fees to the school corporation's textbook fund established under IC 21-2-19, as added by this act. The money transferred under this SECTION may be used for any purpose for which money in the textbook fund may be used.

(c) This SECTION expires January 1, 2009.

SECTION 30. [EFFECTIVE JULY 1, 2005] (a) The department of local government finance shall reduce the:

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-18.5; and

(2) township assistance levy;

of each township to reflect the effect of this act on the obligation of township trustees to pay school fees under IC 20-8.1-9-11.

(b) The department of local government finance shall reduce the:

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-19-1.5; and

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(2) general fund property tax levy;
of each school corporation that operated an elementary school
library or a high school library under IC 20-10.1-11 (before its
repeal) to provide free textbooks to resident students before July
1, 2005, to reflect the transfer of textbook funding to the textbook
fund established under IC 21-2-19, as added by this act.

(c) A loan:

(1) obtained to purchase textbooks (as defined in
IC 20-10.1-1-12.5, as amended by this act); and

(2) payable from a school general fund before July 1, 2005;
shall be paid from the textbook fund after June 30, 2005.

(d) This SECTION expires January 1, 2009.

SECTION 31. [EFFECTIVE JULY 1, 2005] (a) There is
appropriated from the state general fund to the state
superintendent of public instruction for the biennium beginning
July 1, 2005, and ending June 30, 2007, a sufficient amount of
money for textbook grants to school corporations under
IC 21-3-1.7-9.4, as added by this act.

(b) There is appropriated from the state general fund to the
supplemental textbook fund established by IC 21-2-20-6, as added
by this act, for the biennium beginning July 1, 2005, and ending
June 30, 2007, eighty-five dollars (\$85) per school year for each
student enrolled in an accredited nonpublic school (as defined in
IC 20-8.1-1-6.5) for whom reimbursement for textbooks is
provided under IC 20-8.1-9.5, as added by this act.

(c) This SECTION expires July 1, 2005.

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